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August 25, 2026

Caroline R. Tippens, Esq.
Director of Licensure & Regulation
Tennessee Health Facilities Commission
Andrew Jackson State Office Building
502 Deaderick Street, 9th Floor
Nashville, Tennessee 37243

Re: Rehabilitation Hospital of Cookeville, LLC – Certificate of Need No. CN2602-002A, Project No. 2026-04-2909 – Supplement to Pending Licensure Application re Interim Transition

Dear Ms. Tippens:

We represent Cookeville Regional Medical Center Authority ("CRMC") in connection with CRMC's existing 20-bed acute rehabilitation unit ("ARU") and the pending licensure process for Rehabilitation Hospital of Cookeville, LLC ("RHC") to establish, under Certificate of Need No. CN2602-002A (the "CON"), a 40-bed inpatient rehabilitation facility ("IRF") at 215 W. 6th Street, Cookeville, Tennessee (the "Project").

Thank you for speaking with us on Wednesday, August 12th, regarding the pending licensure application and the proposed interim transition of the 20 IRF beds in the existing ARU to a separately licensed, 20-bed inpatient rehabilitation hospital that RHC will operate as the licensee in the existing ARU building until construction of the Project is complete. We understand from our discussion that the Tennessee Health Facilities Commission ("HFC") will accept this formal letter as a supplement to the licensure application of RHC filed and acknowledged on July 7, 2026, and that a new licensure application is not required for the proposed interim transition at this time.

Pursuant to our conversation, the purpose of this letter is to describe the proposal, which involves the early transition of the 20 IRF beds in the ARU to RHC before completion of the Project, the issuance of a 20-bed inpatient rehabilitation hospital license to RHC, the proposed timing of the early transition, our understanding of HFC's Plans Review and Life Safety guidance regarding the building codes applicable to the ARU building upon licensing it as a separate inpatient rehabilitation hospital, and the impact of the early transition on the CON.

(a) Background

The HFC approved the CON pursuant to its Meeting Minutes on April 22, 2026. On May 27, 2026, RHC received a CON from HFC "[f]or the establishment of a 40-bed inpatient rehabilitation facility (IRF) located at 215 W. 6th Street, Cookeville (Putnam County), Tennessee

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38501." RHC is a joint venture entity owned by Encompass Health Cookeville Holdings, LLC ("Encompass") and CRMC, with each member owning fifty percent (50%) of RHC. The CON contemplates construction of a new rehabilitation hospital adjacent to CRMC's existing ARU and that CRMC will relinquish its existing 20 licensed IRF beds upon opening of the new rehabilitation hospital. The current project timeline anticipates that the new rehabilitation hospital will open on or around January of 2028. Until that time, CRMC's existing ARU will continue to provide inpatient rehabilitation services.

A license application for the Project was filed July 1, 2026, and HFC acknowledged receipt of the licensure application and fee on July 7, 2026. We understand from HFC's acknowledgment that the application will remain pending until the facility is recommended by the Regional Office for licensure, receives Initial Approval, and proceeds through the applicable Commission ratification process, and that a site survey of the new acute rehabilitation hospital must take place following its completion.

(b) Reason for Early Transfer

CRMC will soon be in the process of a system-wide electronic health record ("EHR") transition. CRMC's contract with its current EHR platform, Paragon, will end on or about February 1, 2027, and CRMC's hospital operations will transition to the Epic EHR system at that time. However, Encompass uses the Cerner EHR system for its rehabilitation hospital operations, and this is the system which will be used by RHC upon completion of the new rehabilitation hospital.

Because the existing ARU is expected to operate only during the interim period before the new rehabilitation hospital opens, converting the ARU from Paragon to Epic in February 2027 and then converting again to Cerner's EHR approximately 10 to 12 months later would create both an unnecessary cost and substantial administrative burden for CRMC as well as potential continuity-of-care issues.

To avoid this duplicative EHR transition, CRMC will relinquish the 20 beds of the ARU to RHC on February 1, 2027, and RHC will assume operational management and independently bill for services provided under new Medicare and Medicaid provider numbers, requiring the issuance of a new 20-bed inpatient hospital license to RHC. This arrangement will allow the existing ARU to transition directly to the Cerner EHR platform which will be used by RHC upon completion of the Project, rather than first transitioning the ARU's medical records to Epic and then shortly thereafter transitioning the same records to Cerner.

Upon assuming operational control RHC and Encompass will enter into a Management Services Agreement effective as of the transfer of the ARU. RHC and CRMC will also enter into a purchased services agreement ("PSA") effective as of the transfer of the ARU. The MSA and PSA will provide the necessary services and support to ensure that licensing requirements for a rehabilitation hospital continue to be met prior to completion of the Project. As discussed in our August 12th call, the ARU building does not have a kitchen or pharmacy onsite. Pursuant to the PSA, CRMC will provide pharmaceutical services through its pharmacy operations and food and dietetic services prior to completion of the Project in accordance with all requirements of Tenn.

Comp. R. & Regs. 0720-14-.06(9). Additional details regarding how such services will be delivered operationally, as well as documentation of necessary contractual agreements, will be promptly provided upon request. The intent of the proposed arrangement is to continue the operations of the ARU in the same manner as it has been historically operated until completion of the Project.

The early transfer of the ARU will not expand the existing ARU, change the use or function of the existing space, alter the approved CON, or avoid HFC's plans review or licensure requirements for the new rehabilitation hospital. The sole purpose of the early transition is to maintain continuity of inpatient rehabilitation services while avoiding a costly and unnecessary EHR conversion during the short period before the 40-bed, CON-approved rehabilitation hospital opens.

(c) Timing of the Interim Transition

RHC contemplates entering into the MSA and the PSA effective February 1, 2027. As stated above, the Project is expected to be completed on or around January of 2028. CRMC and RHC therefore contemplate that the interim operations will last approximately one year, dependent upon the timing of construction of the new rehabilitation hospital.

(d) Existing ARU and Applicable Building Codes Following the Interim Transition

The existing ARU has been in lawful operation for many years. The proposed early transition will not involve new construction or renovation of the existing ARU building, and the use and function of the existing ARU space will remain the same prior to completion of the Project.

Our understanding of HFC's Plans Review and Life Safety position is that if no construction is taking place and the use and functions of the building stay the same, the existing ARU building will be permitted to comply with the safety and building codes existing at the time the building was last completed or renovated pursuant to Tenn. Comp. R. & Regs. 0720-14-.09(1). Accordingly, CRMC understands that the existing ARU space will continue to be evaluated under the codes applicable to the building when it was last constructed or renovated, which it currently complies with.

Upon completion of the Project, the existing ARU building will be demolished as part of CRMC's campus plan and will be converted to parking for the new rehabilitation hospital.

(e) Impact on CON

While outside the scope of licensure's review, it is the parties' intention to fully comply with all applicable CON requirements and regulations for the Project. Both CRMC and Encompass do not intend to alter or modify the existing CON for RHC or the plans submitted to HFC detailing the Project. The proposed arrangement is intended to transfer the existing 20 licensed IRF beds to RHC before completion of the Project rather than upon completion of the Project. CRMC and

Encompass therefore view the early transfer as compliant with the existing CON and will seek approval and confirmation from legal counsel for HFC as to this issue.

CRMC respectfully submits this letter on behalf of CRMC and RHC as a supplement to the pending licensure application of RHC and as the parties' formal explanation of the proposed early transition and the reasoning necessitating early licensure of this Project. Should you have any additional questions or require documentation of the arrangement, please do not hesitate to contact me.

Very truly yours,



Matthew D. Sitton
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cc: Jim Christoffersen
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